BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/SV/RM/2023-24/30024-30031)

UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of:

Noticee	Name of the Noticee	PAN
1.	Mr. Raj Bhavani	BERPB5202B
2.	Mr. Umang Bhavani	BEKPB8748F
3.	Mrs. Hetal Dipeshbhai Bhavani	AXGPP8030L
4.	Mr. Upesh Bhavani	BERPB5146J
5.	Mr. Damodarbhai B Patel	AEDPP7405H
6.	Mr. Mohanlal Bhimjibhai Patel	AEDPP7400C
7.	Mr. Viral D Bhavani	AGRPB7643K
8.	M/s Sejima Texyarn Private Limited	AALCS7629H

In the matter of The Baroda Rayon Corporation Limited

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') while examining the Draft Letter of Offer (DLOF) w.r.t the Open Offer made in the matter of The Baroda Rayon Corporation Limited (hereinafter referred to as Target Company), conducted an examination and based on the findings of examination, SEBI initiated adjudication proceedings against Mr. Raj Bhavani (hereinafter referred to as **Noticee 1**), Mr. Umang Bhavani (hereinafter referred to as **Noticee 2**), Mrs. Hetal Dipeshbhai Bhavani (hereinafter referred to as **Noticee 3**), Mr.Upesh Bhavani (hereinafter referred to as **Noticee 4**), Mr. Damodarbhai B Patel

(hereinafter referred to as **Noticee 5**), Mr. Mohanlal Bhimjibhai Patel (hereinafter referred to as **Noticee 6**), Mr. Viral D Bhavani (hereinafter referred to as **Noticee 7**), M/s Sejima Texyarn Private Limited (hereinafter referred to as **Noticee 8**), (hereinafter referred together to as 'Noticees) under Section 15H(ii) of SEBI Act, 1992 for the alleged violation of Regulation 13(1) read with Regulation 13(2)(e) of the (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as **SAST Regulations**).

APPOINTMENT OF ADJUDICATING OFFICER

2. SEBI appointed the undersigned as the Adjudicating Officer, vide order dated June 30, 2023, under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **'SEBI Act, 1992'**), and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **'SEBI Adjudication Rules, 1995'**) read with Section 19 of the SEBI Act, 1992, to inquire into and adjudge under the provisions of the Section 15H(ii) of the SEBI Act, 1992 for the violations alleged to have been committed by the Noticees.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. A Show Cause Notices ref. SEBI/HO/EAD-8/SKV/RM/2023/36000, 36000, 36003, 36009, 36011, 36015, 36019, 36021, 36022 dated September 01, 2023 (hereinafter referred to as **"SCN"**) were issued to the Noticees in terms of the provisions of Rule 4 of the SEBI Adjudication Rules vide speed post acknowledgement due and email dated September 01, 2023. I note that SCN were successfully delivered through speed post and email.

4. The allegations levelled against the Noticees in the SCN are summarized in the following paragraphs:

5. SEBI while examining the Draft Letter of Offer (DLOF) w.r.t the Open Offer made in the matter of The Baroda Rayon Corporation Limited (Target Company) inter

alia observed that Acquirers (Noticee 5, 6, 7 and 8) along with PACs (Noticee 1, 2, 3 and 4) allegedly made a delay in making a Public announcement with respect to the open offer triggered on August 10, 2016.

6. As per Para 3.1.6 of DLOF, an open offer was triggered on August 10, 2016, pursuant to acquisition of equity shares of Kanchenjunga Texturisers Private Limited (Promoter Group Company of The Baroda Rayon Corporation Ltd.) The details of the transaction which triggered the open offer are provided in the paragraphs below.

7. On August 10, 2016, pursuant to acquisition of 900 equity shares, representing 90% equity shares of Kanchenjunga Texturisers Private Limited through off-market transaction, Noticee 1 (Person Acting in Concert (PAC) 1), Noticee 2 (PAC 2), Noticee 3 (PAC 3), and Noticee 4 (PAC 4), had become shareholders of Kanchenjunga Texturisers Private Limited. Kanchenjunga Texturisers Pvt. Ltd. had 32.30% holding in The Baroda Rayon Corporation Limited.

8. Pursuant to the said transaction, Acquirers along with PACs had acquired indirect control over the Target Company by 29.07% (90% of 32.30%) and open offer had been triggered under the provisions of Regulations 3(1), 4, and 5(1) of the SEBI (SAST) Regulations, and in pursuance of which a public announcement should have had been made on August 10, 2016. However, the Acquirers had failed to make the public announcement, and hence pursuant to this violation, the Acquirers along with PACs made Offer at a price of Rs. 9.80/- (Rupees Nine and Eighty Paise Only) (including interest @ 10.00% (Ten Percent) per annum).

9. On July 06, 2022 acquirers (Noticee 5, 6, 7 and 8) entered into a Share Purchase Agreement (SPA) with the Promoter Sellers with an intent to purchase 34,29,518 Equity Shares, constituting 14.97% of the Voting Share Capital of the Target Company along with control at a price of Rs. 6.00/- per Share. Pursuant to SPA, Acquirers along with PACs gave open offer as they had more than 25% of the paid-

up capital of the Target Company and open offer is triggered as per Regulation 3(1) and 4 of SAST 2011.

10. Further, on July 06, 2022, Noticee 4, acquired the entire shareholding of Mr. Pratapsinh Gaekwad (one of the Promoter Seller of Target Company and shareholder of Kanchenjunga Texturisers Private Limited) being 100 equity shares representing remaining 10.00% (Ten Percent) of the voting share capital of Kanchenjunga Texturisers Private Limited through off-market transaction. With this entire holding of Kanchenjunga Texturisers Pvt. Ltd. is with PAC's. As on the date of SPA, the Acquirers and PAC's along with Promoter and Promoter group held more than 25% of the paid-up capital of the Target Company and pursuant to this indirect acquisition (more than 5%), open offer was triggered as per Regulation 3(2) and 5(1) of SAST 2011.

11. However, the Acquirers along with PACs had failed to make the public announcement on August 10, 2016, and hence pursuant to this alleged violation, the Acquirers along with PACs made the Public Announcement on July 06, 2022 for an Open Offer to acquire 26% of the Voting Share Capital at a price of ₹9.80/- (Rupees Nine and Eighty Paisa Only) (including interest @ 10.00% (Ten Percent) per annum), per Offer Share to the Public Shareholders of the Target Company. The details of calculations of the Offer Price is provided at Para 6.1.3 of the DLOF.

12. SEBI vide email dated January 25, 2023 sought comments of the Company The Baroda Rayon Corporation Ltd w.r.t the above mentioned non-compliance observed, and the company vide email dated April 12, 2023 had *inter alia* submitted its comments as detailed below :

"…..

A. <u>Delay in making Public Announcement for the Open Offer</u>

(1) The Acquirers have entered into SPA with an intent to purchase 34,29,518 Equity Shares, constituting 14.97% of the Voting Share Capital of the Target Company along with Control at a price of Rs 6 per Share sale.

(2) On August 10, 2016, pursuant to acquisition of equity shares of Kanchenjunga Texturisers Private Limited(Promoter Group Company of Baroda Rayon Corporation Ltd.) through offmarket transaction, Mr. Raj Bhavani (PAC 1), Mr. Umang Bhavani (PAC 2), Mrs. Hetal Bhavani (PAC 3), and Mr. Upesh Bhavani (PAC 4), had been classified as beneficial shareholders of Kanchenjunga Texturisers Private Limited and thus had acquired indirect control over the Target Company due to which open offer had been triggered under the provisions of Regulations 3(1), 4, and 5(1) of the SEBI (SAST) Regulations, and in pursuance of which a public announcement should have had been made on August 10, 2016.

(3) However, the Acquirers had failed to make the public announcement, and hence pursuant to this violation, the Acquirers along with PACs are making this Offer at a price of ₹9.80/- (Rupees Nine and Eighty Paisa Only) (including interest @ 10.00% (Ten Percent) per annum).

(4) The pre and post offer shareholding of the Target Company as per Clause 5.17 of the DLOF is placed at (Flag - C). ….."

13. The aforesaid Open Offer has been completed and the Post Offer Public Announcement given to the shareholders of the Target Company is placed on records. However, it was observed that there was alleged delay of 2156 calendar days in making the Public announcement w.r.t the aforesaid open offer.

14. In view of the above, the Acquirers along with PACs i.e. Noticees made a delay of 2156 Calendar days in making a Public announcement with respect to the open offer which is allegedly in violation of the provisions of Regulation 13(1) read with Regulation 13(2)(e) of the SEBI-SAST Regulations, 2011. Aforesaid regulations are reproduced as follows:

SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011

Timing

13.(1) The public announcement referred to in regulation 3 and regulation 4 shall be made in accordance with regulation 14 and regulation 15, on the date of agreeing to acquire shares or voting rights in, or control over the target company.

13. (2) Such public announcement, -

(e) in the case of indirect acquisition of shares or voting rights in, or control over the target company where none of the parameters referred to in sub-regulation (2) of regulation 5 are met, may be made at any time within four working days from the earlier of the date on which the primary acquisition is contracted, and on which the intention or the decision to make the primary acquisition is announced in the public domain;

15. Noticees submitted their reply vide letter dated September 12, 2023 and emails dated September 13, 2023 to the SCN. Vide Hearing Notice dated October 13, 2023 the Noticees were provided with an opportunity of hearing on October 25, 2023. Noticee No 7 on behalf of all the Noticees vide email dated October 14, 2023 requested for deferment of the hearing as the Noticees were in the process of filing a Settlement application. The request of the Noticees was acceded to. Subsequently vide email dated December 7, 2023 another opportunity of hearing was provided to the Noticees on December 14, 2023. Vide email dated December 8, 2023 the Noticee 7 informed about filing of Settlement application on the previous day. The Noticee No.7 along with authorized representatives (ARs) appeared on behalf of all the Noticees on December 14, 2023 for personal hearing and reiterated the submissions made in their reply dated September 12, 2023. The ARs undertook to submit additional submissions along with documents by December 21, 2023. Subsequently vide email dated December 19, 2023 of Noticee 7, additional documents and information was submitted. Subsequently vide email dated December 20, 2023 the Noticee 7 informed that Settlement Application filed has been returned by SEBI as the same has been filed after 60 days from the date of service of the show cause notice and hence as per Reg. 4(1) of SEBI (Settlement

Proceedings) Regulations, 2018, the instant settlement application dated December 07, 2023 cannot be considered. In light of this the Noticee requested to revive the adjudication proceedings and consider their submissions already submitted vide their replies letter dated September 12, 2023 and email dated December 19, 2023. The key submissions made by Noticees in their replies are as under:

16. The Baroda Rayon Corporation Limited was registered as a sick unit under Board for Industrial and Financial Reconstruction (BIFR) and a rehabilitation scheme was sanctioned on 22 May, 2006. Reduction of equity share capital and new preferential allotment of equity shares was also approved under the sanctioned scheme. After August 2008, entire operational activities of the company were stand still due to heavy financial losses in view of non-co-operation of manpower, increase in input cost and acute of working capital and non-availability of key managerial personnel.

17. Trading of shares of the company at BSE Limited was suspended on January 07, 2002 due to non-compliance of Listing Regulations. As stated that the Company was under the purview of Hon'ble BIFR, the key employees of the company started to leave the organization. The systems started breaking and therefore the management was not able to submit the requisite information/data to the Stock Exchange on due dates.

18. Requisite applications at BSE were filled to give effect to reduction of share capital and preferential allotment of eq. shares but after August 2008 the company's operational activity were suspended due to heavy financial losses in view of non-co-operation of manpower, increase in input cost and acute shortage of working capital and non-availability of key managerial person, the same applications could not be completed and regular compliances could not take place which resulted in mismatch of eq. share capital. Since 2006 due to non-completion of applications

giving effect of reduction of capital and preferential allotment of eq. shares as stated above, Distinctive Number Range (DNR) could not be uploaded and hence demat of shares was also not possible.

19. The company had received a Notice dated February 17, 2016 from BSE Limited regarding Non-compliance of various Regulations under Listing Regulations, 2015 w.r.t BSE circular dated February 12, 2016 to encourage suspended companies to complete compliances for resumption of trading in the interest of the investors or else face compulsory delisting.

20. With an intent to revive the company, Noticee 1 (PAC 1), Noticee 2 (PAC 2), Noticee 3 (PAC 3), Noticee 4 (PAC 4) on August 10, 2016 acquired 900 eq. shares representing 90% of Kanchenjunga Texturisers Pvt. Ltd. Kanchenjunga Texturisers Pvt. Ltd. had 32.30% of The Baroda Rayon Corporation Limited. Pursuant to said transaction, acquirers along with PAC's made an indirect acquisition by 29.07% (90% of 32.30%) which triggered the obligation for open offer. As stated above, the application for reduction of share capital and preferential allotment was not completed at BSE and hence there was mismatch of share capital between BSE's record and records of The Baroda Rayon Corporation Limited. Moreover original share certificates were also lost by the promoters of The Baroda Rayon Corporation Limited and hence Noticees 1- 4 had done this indirect acquisition.

21. Thereafter the company had started the process of completion of pending application for reduction of share capital, preferential allotment and revocation of suspension of trading at BSE Limited.

22. The company received from BSE, listing approval for reduction of eq. shares on August 05, 2021 and Trading approval on January 06, 2022. The company received from BSE, listing approval for preferential allotment of eq. shares on

February 21, 2022 and Trading approval on March 03, 2022. The company received Notice of revocation of suspension of shares on May 20, 2022 and the shares were eligible for trading w.e.f. May 30, 2022.

23. As the suspension of trading of shares of the company was revoked, the acquirers (Noticee 5, 6, 7 and 8) of the SCN, entered a Share Purchase Agreement (SPA) on July 06, 2022 with the Promoter sellers with an intent to purchase 34,29,518 eq. shares constituting 14.97% of the voting share capital. As acquirers along with PAC's already had 29.07% pursuant to indirect acquisition done on August 10, 2016, and acquisition of 14.97% done through SPA, open offer was made on July 06, 2022.

24. As the acquirers along with PAC's had failed to make public announcement on August 10, 2016, the acquirers along with PAC's made public announcement on July 06, 2022 at a price of Rs.9.80/- (including interest @ 10.00% p.a., by complying with the provisions of Reg. 18(11A) of SEBI (SAST) Regulations. The closing traded price day before the open offer viz. on July 05, 2022 was Rs. 11.59.

25. Further, Mr. Upesh Bhavani (Noticee 4), agreed to acquire the entire shareholding of Mr. Pratapsinh Gaekwad (one of the Promoter Seller of Target Company and shareholder of Kanchenjunga Texturisers Private Limited) being 100 (Hundred) equity shares representing 10.00% (Ten Percent) of the voting share capital of Kanchenjunga Texturisers Private Limited through off-market transaction.

26. It is reiterated that since 2008, entire operational activities of the company were stand still due to heavy financial losses and all key personnel also started to leave the company and due to such non-availability, the applications which were submitted could not be completed and hence the process of giving effect of reduction of capital, preferential allotment and revocation was also not completed at BSE. In 2016 when company approached the exchange, informing that

company intends to revoke the suspension of trading, BSE officials informed that they have to again initiate all the applications as approved by BIFR and the incomplete applications filled during 2006-07 will not be considered as it was not completed back then. Hence the company again started the entire process from 2016.

27. As it is evident from the above stated facts pertaining to applications that were pending at BSE for reduction of share capital, preferential allotment of shares and revocation of suspension of trading and their subsequent approvals, there was no malafied intention of the acquirers and PAC's in delay in making Public Announcement with respect to open offer.

28. Further, as the trading was suspended until revocation, trading could not be done and there was no profits made out of such failure of delay in making Public Announcement with respect to open offer.

CONSIDERATION OF ISSUES AND FINDINGS

29. I have taken into consideration the facts and material available on record. The issues that arise for consideration in the present case are as follows:

I. **Whether Noticees have violated Regulation 13(1) read with Regulation 13(2)(e) of the SAST Regulations**

II. **Do the violations, if any, attract monetary penalty under section 15H(ii) of the SEBI Act, 1992?**

III. **If the answer to Issue No. I & II is in affirmative, then what should be the quantum of monetary penalty?**

30. In the SCN it was alleged that Noticees w.r.t the Open Offer made in the matter of The Baroda Rayon Corporation Limited (Target Company) the Acquirers (Noticee 5, 6, 7 and 8) along with PACs (Noticee 1, 2, 3 and 4) made a delay of 2156 days

in making a Public announcement with respect to the open offer triggered on August 10, 2016.

31. In this regard, I note that on August 10, 2016, the acquisition of 90% equity shares of Kanchenjunga Texturisers Private Limited (which had 32.30% holding in Target Company) by Noticee 1, 2, 3 and 4 (PACs) through off-market transaction, led to Acquirers along with PACs acquiring indirect control over the Target Company by 29.07% (90% of 32.30%) and open offer had been triggered under the provisions of Regulations 3(1), 4, and 5(1) of the SEBI (SAST) Regulations, and in pursuance of which a public announcement should have been made on August 10, 2016. However, the Acquirers had failed to make the public announcement, and made the public announcement on July 06, 2022 only pursuant to Acquirers entering into SPA with promoter sellers of the company as detailed above in order.

32. In this regard, I note that the Noticees have accepted that the acquirers along with PACs had failed to make public announcement on August 10, 2016. Further Noticees have contended following major reasons for delay in making open offer:

a. Trading of shares of the company was suspended on January 07, 2002 due to non-compliance of listing regulations/agreements.
b. the target company was a registered sick unit under BIFR and a rehabilitation scheme was sanctioned on May 22, 2006, under which reduction in share capital and new preferential share allotment of equity share was approved.
c. Requisite applications at BSE were filled to give effect to reduction of share capital and preferential allotment of eq. shares but after August 2008, entire operational activities of the company were stand still due to heavy financial losses in view of non-co-operation of manpower, increase in input cost and acute of working capital and non-availability of key managerial personnel. The systems started breaking and therefore

the management was not able to submit the requisite information/data to the Stock Exchange on due dates.

d. Due to operational and financial reasons, lack of regular compliances and non-completion of applications with BSE by the company for reduction in share capital and preferential allotment of equity shares; company faced issues like mismatch of equity share capital, non-updation of DNR, non demat of shares etc.

e. The company had received a Notice dated February 17, 2016 from BSE Limited regarding Non-compliance of various Regulations under Listing Regulations, 2015 w.r.t BSE circular dated February 12, 2016 to encourage suspended companies to complete compliances for resumption of trading in the interest of the investors or else face compulsory delisting.

f. The Noticees wanted to revive the target company, and the indirect acquisition in 2016 was because of issues like non-completion of applications at BSE, loss of original share certificates by promoters of the company etc. Thereafter the company re-initiated the applications with BSE as approved by BIFR, and completed the process of pending application, and upon its completion in first quarter of 2022 and revocation of suspension of trading in May 2022 the acquirers entered into SPA with promoter sellers on July 06, 2022 and open offer was made on July 06, 2022.

g. Further, as the trading was suspended until revocation, trading could not be done and there was no profits made out of such failure of delay in making Public Announcement with respect to open offer.

33. In regard to the contention that the trading in scrip was suspended, that Noticees have not brought to attention any rule, regulation, directive, bye-laws, law which prohibits the acquiring of shares through open offer in a scrip in which trading is suspended. I also note that the tendering of shares (physical and demat) by the

interested public shareholders in open offer by separate acquisition window (on BSE) facilitating acquisition, or by submitting Share Certificates, TRS and other documents to the Registrar; is not contingent upon the trading status of the scrip. Hence, the suspension of the trading status as on the trigger date is not a valid reason for delaying the announcement of open offer.

34. In regard to the pending applications, from the records submitted by Noticees, I note that the applications made to exchange by the target company was in the year 2006, and the permissions and approvals received from BSE is of year 2022. Though the Noticees have referred to BSE notification in 2016 encouraging suspended companies to complete compliances and submitted that their intention in acquisition in 2016 was to revive the company, however Noticees have not submitted any documents to supplement their argument that the efforts were made afresh in 2016 to get applications approved from exchange and rectify the non-updation of DNR and mismatch in equity share capital. Though the approvals have been received in the year 2022, when the process for the same was re-initiated is not clear in Noticees' submissions and not supported by documents. I note from the BSE communications submitted by Noticees, that exchange has referred to Company's emails/letters/applications of year 2021. Hence, the contention of delay in the open offer due to re-initiation of process and subsequent approval is not supported by documentary evidences. Further, how these issues prohibited the Noticees to announce open offer is also not detailed, and unclear.

35. Further the submission of the Noticees that the trading in the scrip was suspended until revocation, and no profits were made out of failure of delay in making Public Announcement, is not relevant to the delay but however is noted.

36. In view of the discussion in paragraphs above, I note that w.r.t the Open Offer made in the matter of the Baroda Rayon Corporation Limited the Acquirers (Noticee 5, 6, 7 and 8) along with PACs (Noticee 1, 2, 3 and 4) made a delay of

2156 days in making a Public announcement with respect to the open offer triggered on August 10, 2016, **therefore the violation of Regulation 13(1) read with Regulation 13(2)(e) of the SAST Regulations by the Noticees is established.**

Issue II. Do the violations, if any, attract monetary penalty under section 15H(ii) of the SEBI Act, 1992?

37. In light of findings and observations made against the Noticees brought out in the foregoing paragraphs, I hold that Noticees have violated Regulation 13(1) of SAST Regulations read with Regulation 13(2)(e) of the SAST Regulations. The said violations makes the Noticees liable for monetary penalty under the provisions of Section 15H(ii) of the SEBI Act. In this regard, reliance is placed upon the judgment of Hon'ble Supreme Court of India in the matter of *SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) which inter-alia has held that - "In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant...".* The relevant provisions of the aforementioned Section 15HB of the SEBI Act are as under:

SEBI Act, 1992

Penalty for non-disclosure of acquisition of shares and takeovers.

***15H.** If any person, who is required under this Act or any rules or regulations made thereunder, fails to,—*

.... or (ii) make a public announcement to acquire shares at a minimum price; or.....

he shall be liable to a penalty which shall not be less than ten lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher

Issue III. If the answer to Issue No. I & II is in affirmative, then what should be the quantum of monetary penalty?

38. While determining the quantum of penalty under the provisions of Section 15H(ii) of the SEBI Act, it is important to consider the relevant factors as stipulated in Section 15J of the SEBI Act, which reads as under:

SEBI Act, 1992

Factors to be taken into account while adjudging quantum of penalty

***15J** While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely :—*

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

[111][Explanation. —For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.]

39. In the present matter, I note that there is nothing on records, either to quantify the disproportionate gains made by the Noticees, or the exact monetary loss to the investors on account of default by the Noticees in the instant matter. Further, I note that the trading was suspended in the scrip and near the time when the suspension was revoked, the Noticees announced the open offer at a price of Rs.9.80/- (including interest @ 10.00% p.a.). Further, there are no history of any other adverse observations or actions against the Noticee. Also I keep in mind the various submissions made by the Noticees regarding the specific circumstances in the context of the company and their acquisition.

40. Accordingly, I feel appropriate to levy a penalty, which is commensurate with the nature of violations and which acts as a deterrent factor for the Noticee and others in protecting the interest of the investors in securities market.

ORDER

41. Having considered all the facts and circumstances of the case, the submissions made by the Noticees, material available on record, the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules 1995, I hereby impose following penalty on the Noticees to be paid jointly and severally:

Sr. No.	Noticee	Violative Provisions	Penalty Provisions	Amount of penalty (in ₹)
1.	Mr. Raj Bhavani	Regulation 13(1) read with Regulation 13(2)(e) of the SAST Regulations	15H(ii) of the SEBI Act 1992	10,00,000/- (Rupees Ten Lakhs) To be paid jointly and severally
2.	Mr. Umang Bhavani			
3.	Mrs. Hetal Dipeshbhai Bhavani			
4.	Mr. Upesh Bhavani			
5.	Mr. Damodarbhai B Patel			
6.	Mr. Mohanlal Bhimjibhai Patel			
7.	Mr. Viral D Bhavani			
8.	M/s Sejima Texyarn Private Limited			

I am of the view that the aforesaid penalty is commensurate with the violation/allegations levelled against the Noticees.

42. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW

43. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

44. In terms of Rule 6 of the Adjudication Rules, 1995, copy of this order is sent to the Noticees and also to the SEBI.

Shashi

Place: Mumbai
Date: February 16, 2024

SHASHI KUMAR VALSAKUMAR
ADJUDICATING OFFICER

SHASHI KUMAR VALASKUMAR

Digitally signed by SHASHI KUMAR VALASKUMAR
Date: 2024.02.16 17:16:34 +05'30'